

AGENCY REPORT

OR Petition 1: Franklin Regional Medical Center

OR Petition 2: Park Ridge Hospital

OR Petition 3: Pitt County Memorial Hospital

OR Petition 4: Randolph Hospital

OR Petition 5: Rex Hospital

Petitioners

OR Petition 1:

Bryan Gwyn

Chief Executive Officer

Franklin Regional Medical Center

100 Hospital Drive

PO Box 609

Louisburg, NC 27459

OR Petition 2:

Jimm Bunch

Chief Executive Officer

Park Ridge Hospital

PO Box 1569, Naples Road

Fletcher, NC 28732-1569

OR Petition 3:

Pitt County Memorial Hospital

2100 Stantonsburg Road

P.O. Box 6028

Greenville, NC 27838-6028

OR Petition 4:

Randolph Hospital

364 White Oak Street

Asheboro, NC 27203

OR Petition 5:

Rex Hospital

4420 Lake Boone Trail

Raleigh, NC 27607

Request

OR Petition 1: The Petition requests an adjusted need determination in the 2008 State Medical Facilities Plan for one additional Operating Room in Franklin County.

OR Petition 2: The Petition requests an adjusted need determination in the 2008 State Medical Facilities Plan for one additional Surgical Operating Room in Henderson County.

OR Petition 3: The Petition requests an adjusted need determination in the 2008 State Medical Facilities Plan for six additional Operating Rooms in the Pitt-Greene operating Service Area

OR Petition 4: The Petition requests an adjusted need determination in the 2008 State Medical Facilities Plan for one additional Operating Room in Randolph County.

OR Petition 5: The Petition requests an adjusted need determination in the 2008 State Medical Facilities Plan for four additional Operating Rooms in Wake County.

Background Information

The Operating Room Need Methodology is based on reported surgical cases by type, i.e., inpatient cases and ambulatory/outpatient cases. The methodology incorporates a number of assumptions including: average case times for inpatient and for ambulatory procedures; average hours of operation; average days of operation per year; and anticipated percentage availability. These assumptions are intended to establish a baseline for projection of future operating room need. By their nature, "averages" do not match each individual facility's circumstances, but should be representative of general practices. The methodology also includes a "Growth Factor," linked to each service area's projected population change between the "data year" and the "target year" for need projections (*i.e., over a four-year period*).

During the spring of 2007, an Operating Room Methodology Work Group met four times and reviewed the methodology for projecting Operating Room need. One of the Work Group meetings included presentations made by interested parties who provided suggestions and recommendations on proposed changes to the methodology as well as their perspective on the adequacy of the methodology. The Work Group developed a set of recommendations at the last meeting. One of the Work Group's recommendations, to exclude facilities with chronically under utilized OR's from operating room need projections, was incorporated into the Proposed 2008 State Medical Facilities Plan.

In deference to the standard methodology, Chapter 2 of the Plan allows persons to petition for an adjusted need determination in consideration of "...unique or special attributes of a particular geographic area or institution..." if they believe their needs are not appropriately addressed by the standard methodology.

Analysis/Implications

To provide background, the operating room inventory, projected need and Year 2010 projected surplus or deficit for the Franklin, Randolph, Pitt-Greene and Wake County Operating Room (OR) Service Areas (from Table 6B of the Proposed 2008 SMFP) is shown below:

COUNTY	INPATIENT OR'S	AMBULATORY OR'S	SHARED OR'S	DEDICATED C-SECTION OR'S (EXCLUDED)	TRAUMA/BURN OR'S (EXCLUDED)	CON, SETTLEMENT, PREVIOUS NEED ADJUSTMENTS	ADJUSTED PLANNING INVENTORY	YEAR 2010 PROJECTED SURPLUS OR (DEFICIT)
Franklin	0	0	3	0	0	0	3	(.25)
Henderson	0	0	16	0	0	0	16	2.02
Randolph	1	0	5	-1	0	0	5	.21
Pitt	3	8	22	0	-1	0	32	(.25)
Wake	9	16	67	-5	-1	4	90	.79

As the above table shows, the petitioners are located in different areas of the State and differ in the size of their operating room inventories. While some of the issues the petitioners raise are specific to a particular hospital, the Agency has discerned several themes common to the petitions.

First, based on current data, each petitioner's service area is close to triggering a need determination. Franklin County and the Pitt-Greene Multi-County Service Area both have projected deficits of .25 OR's. Randolph County and Wake County have small surpluses, of .21 and .79 OR's, respectively. Henderson County, with a surplus of 2.02 OR's, is not as close to triggering a need as the other service areas. However, as the table below shows, each of the Petitioner's current operating room utilization rates is high.

Hospital	05-06 IP Cases	05-06 OP Cases	05-06 Total Cases	05-06 Total Hours	Total OR's	Standard Hours per OR per Year	Capacity Hours (Rooms*1872 hours)	05-06 %Utilization
Rex	9255	18222	27477	55098	31	1872	58032	95%
Franklin Regional	1001	1716	2717	5577	3	1872	5616	99%
Park Ridge	1348	4536	5884	10848	6	1872	11232	97%
Randolph Hospital	1249	3208	4457	8559	5	1872	9360	91%
Pitt-Greene County OR Service Area	9617	18544	28161	56667	32	1872	59904	95%

The Agency recognizes the petitioners' current high utilization of their operating rooms and appreciates their efforts to increase efficiency.

Secondly, each of the petitioners has provided as rationale for their request the need for some adjustment or adjustments to the Operating Room Methodology, which will contribute to or result in a need determination for their service area.

- Franklin Regional has noted that if small hospitals were allowed to “round up” to 1 OR from .2 OR’s then there would be a need determination for 1 OR in Franklin County.
- Franklin Regional and Pitt County Memorial have proposed changing the Growth Factor for their service areas.
- Randolph Hospital and Pitt County Memorial have proposed changing the assumptions used in the OR Methodology, as follows:

OPERATING ROOM METHODOLOGY ASSUMPTIONS			
	Current	Randolph Hospital (Proposed)	Pitt County Memorial (Proposed)
HOURS/DAY	9	8	9
DAYS/YEAR	260	253	260
% UTILIZATION	80%	80%	75%
INPATIENT CASE TIME	3 Hours/Case	3 Hours/Case	3 Hours/Case
OUTPATIENT CASE TIME	1.5 Hours/Case	1.5 Hours/Case	2 Hours/Case (PCMH ambulatory surgery cases)

- Rex Hospital has proposed allocating operating rooms based on an individual facility’s utilization, rather than on the operating room service area’s utilization. This would result in Rex Hospital and Raleigh Women’s Health generating a projected need for 2.79 OR’s and .85 OR’s, respectively.

Similarly, Park Ridge Hospital’s request is based on high utilization of their operating rooms. Park Ridge Hospital asks that three OR’s, which are “not in use” and located at Margaret R. Pardee Hospital, be excluded from the inventory of OR’s in Henderson County. Excluding these OR’s would result in need for one OR in Henderson County. However, underutilized OR’s were addressed by the Operating Room Work Group and facilities with chronically underutilized OR’s were excluded from need projections in the Proposed 2008 SMFP. In addition, review of the CON Application for the operating rooms “not in use” at Margaret R. Pardee Hospital showed that the hospital is allowed one more year to reach utilization projections.

The Agency recognizes the logic of the arguments made by the petitioners. However, the Agency supports the current Operating Room Methodology and anticipates that every hospital could potentially contend that the methodology should be adjusted to better meet their needs. In addition, only one of the Operating Room Work Group’s

recommendations was incorporated into the Proposed 2008 SMFP. Additional recommendations, expected to refine and improve the Operating Room Methodology, are to be incorporated into future SMFP's,

Third, Franklin Regional and Randolph Hospital provide data related to the ratio of OR's to population as a rationale for their requests. As the Agency has noted in the past, this is not a valid comparison for the requested adjustments. Differences across the state in the ratio of OR's to population came about because the State has not always regulated operating rooms. Additionally, while the current Operating Room Methodology does not include calculating the ratio of OR's to population, the Methodology uses both operating room inventory and projected population as factors in projecting need.

In addition to these common themes, Pitt County Memorial notes in their petition that they will have added over 100 new beds by 2010. Pitt County Memorial asserts that additional OR's are needed to support these additional beds. However, Pitt County Memorial did not provide enough information or data showing the impact of adding beds without OR's. Therefore, the Agency was unable to analyze and fully understand this rationale for requesting additional OR's.

Agency Recommendation

The Agency believes that it is premature to make an adjusted need determination at this time and recommends that the petitions be denied. The Agency encourages the petitioners to continue to work with existing resources to maximize the efficient utilization of current surgical operating room capacity.